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National Intelligence Daily Cable for Thursday April 14, 1977.

The NID Cable is for the purpose of informing senior US officials.

CONTENTS

PAKISTAN: Bhutto Losing Ground	Page 2
EGYPT-LIBYA: Charge and Countercharge	Page 3
LEBANON-ISRAEL: Situation Report	Page 4
INTERNATIONAL: Nonaligned Communique	Page 5
SPAIN: Army Accepts Communist Party	Page 6
WEST GERMANY: Airborne Radar	Page 7
ROMANIA: Embargoed Electronics	Page 8
CHINA-JAPAN: Long-Term Trade	Page 9
SIERRA LEONE: Parliamentary Elections	Page 10
BOTSWANA: Defense Force	Page 11

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PAKISTAN: Bhutto Losing Ground

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[] *The political situation in Pakistan is confused and changing rapidly, but Prime Minister Bhutto is clearly losing strength and there is a general feeling that his resignation is imminent.*

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[] The army apparently is trying to force both pro- and anti-government politicians into an agreement. Army leaders hope to avoid having to seize power, but unless another solution is found soon, they may have no other choice. The security situation in the Punjab--Pakistan's most important province--continues to deteriorate. Should serious violence break out on Friday, the Muslim holy day when demonstrations tend to peak, the army's hand might well be forced.

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[] The opposition still shows no inclination to compromise. One of the few opposition leaders still at large has visited key opposition leaders in the past few days. He is presumably discussing a political solution.

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[] Bhutto has little left to bargain with. He can no longer count on the support of the military. Some members of his own party--although none of his close associates--have resigned, sparking speculation that mass desertions will occur.

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[] Given Bhutto's growing weakness and the opposition's unwillingness to compromise, the US embassy believes that any negotiated solution would, at a minimum, strip Bhutto of effective power even if it left him in office. []

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EGYPT-LIBYA: Charge and Countercharge

25X1 [redacted] *The flow of invective between Egypt and Libya has been accented by officially inspired violence in both countries.*

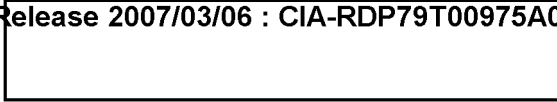
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25X1 [redacted] The Egyptian consulate in Benghazi was sacked Saturday and its workers confined in a nearby hotel, and yesterday Libyans demonstrated at the Egyptian embassy in Tripoli following a government-sponsored rally to denounce Egyptian President Sadat. Libya has also imposed further restrictions on travel by Egyptians, this time on those trying to leave Libya.

25X1 [redacted] Egypt has retaliated in kind to almost every incident. Egyptians burned the Libyan consulate in Alexandria on Monday. The Egyptian ambassador returned to Cairo on April 7. There has been no indication so far that Libyan diplomats will be ordered out of Egypt or recalled by Tripoli.

25X1 [redacted] The media in both countries continue to trade charges. In a slight shift in tactics, Cairo dailies on Tuesday argued that Egypt should exercise restraint with regard to Libya because Libyans themselves were fed up with Qadhafi and would soon oust him. Egypt, it was argued, must guard against providing Qadhafi with a foreign scapegoat with which to rally the people.

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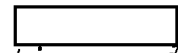


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LEBANON-ISRAEL: Situation Report

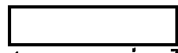

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 Despite heavy artillery fire between Lebanese Christians and the Palestinians, the situation in southern Lebanon appeared to be stabilizing yesterday with little, if any, movement by the forces of either side. The US embassy in Beirut said that the village of Dayr Mimas may have been occupied by the Palestinians on Tuesday but that it was reportedly almost empty at the time. No action was reported in Marj Uyun; the Christians apparently still hold the center of the town. The Israelis, meanwhile, have warned the Syrians that Israel will act if necessary to protect its interests in southern Lebanon.

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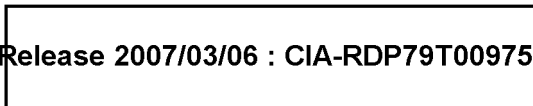
 In a television interview on Tuesday, Israeli Foreign Minister Allon listed the principles that he said were the basis of present Israeli policy toward southern Lebanon. He reiterated Israel's determination that neither Syrian nor pan-Arab forces would be allowed to penetrate south of their existing positions and asserted that Israel would not permit a renewal of cross-border terrorist activity from southern Lebanon. Allon said Israel would not permit the Palestinians to move against the Christian villages near the Israeli border and would not allow any interference with humanitarian activity under the "good fence" policy.

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 Allon's statement appeared to be intended specifically to remind the Syrians that Israel holds them responsible for Palestinian actions. Although he acknowledged that the Syrian army was not directly involved in the fighting, he asserted that last week's Palestinian-leftist counteroffensive had Syrian blessing. Allon's comments also were intended as a warning to the Syrians that, despite the current political situation in Israel, the Israelis remain sensitive to any effort by Syria to strengthen its position in southern Lebanon. 

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INTERNATIONAL: Nonaligned Communique

25X1 [] The final communique of the nonaligned foreign ministers' meeting in New Delhi, which ended Monday, contains a large amount of anti-imperialist rhetoric but is generally milder than the document issued after the nonaligned summit in Sri Lanka last year. Nevertheless, moderates have expressed reservations about several parts of the communique and an accompanying economic statement. A Palestine Liberation Organization amendment, which included Puerto Ricans among the colonial peoples struggling against foreign domination, has drawn the most objections.

25X1 [] The tone of the Korean section of the communique was more moderate than the language in the Colombo declaration, although it called for the withdrawal from South Korea of all foreign troops, including "all of their military apparatus." Nonaligned moderates resisted North Korean efforts to add stronger wording critical of South Korea and the US.

25X1 [] The conference took a strong stand on southern Africa, but it resisted efforts to name specific countries as collaborating with South Africa and dropped a Cuban amendment on racism that condemned the US, West European countries, and Israel.

25X1 [] There was no mention of the possible expulsion of Israel from the UN, and all references to the US in the draft on the Middle East submitted by the Palestine Liberation Organization were omitted from the communique. Even some references to Zionism were toned down.

25X1 [] The base at Diego Garcia was mentioned as objectionable. The conference noted recent great-power statements on the Indian Ocean zone of peace, but without giving any credit to the US.

25X1 [] The conference adopted a separate resolution emphasizing its unhappiness at the failure of the conference at Geneva last month to agree on a common commodity fund.

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SPAIN: Army Accepts Communist Party

25X1 [redacted] The Spanish army yesterday announced its acceptance of the government's legalization of the Communist Party. The army's action appears designed to head off dissent in the armed forces, which had intensified with the resignation on Tuesday of the Spanish naval minister in protest against the party's legalization.

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25X1 [redacted]
[redacted] King Juan Carlos, who appeared calm and relaxed about the naval minister's resignation, told the West German ambassador yesterday that he does not expect other military ministers to resign but believes there may be unrest in the military for the next week or so that could lead to the resignation of some senior military leaders.

25X1 [redacted] The Communist Party has announced that it is canceling all public events, including a big rally scheduled for Sunday, evidently to avoid stirring up further military dissent. Another admiral--the undersecretary of the merchant marine--resigned yesterday over the communist issue.

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WEST GERMANY: Airborne Radar

25X1 [] A West German official has told the US embassy in Bonn that no decision can be made on West German participation in the NATO airborne radar system known as AWACS until after a thorough review of the impact of Britain's decision not to participate in the program. The British announced in early April that they would opt for the British-developed Nimrod system rather than participate in AWACS.

25X1 [] The official, who heads the political department of the West German Defense Ministry, indicated that he believes participation in AWACS will be considered by the Bundestag this year. The NATO allies are scheduled to announce their plans for participation in July. The heavy funding required by the system could delay actual participation until the early 1980s.

25X1 [] The official said the review would have to include a study of the numbers of aircraft still needed and the implications of the dual system. He also said that very close attention should be given to determining the exact start-up and operational costs of AWACS so that precise figures can be presented to the Bundestag. The West Germans are unhappy with the share of the costs of AWACS they are expected to bear.

25X1 [] In addition to the cost factor, AWACS could face tough sledding in the Bundestag because of the opposition of the armed forces, which have good connections with Bundestag military committees. The armed services believe AWACS would divert funds from their established procurement programs; the bulk of such funds have been earmarked for the next several years for procurement of tanks and other aircraft.

25X1 [] Bonn's desire that the US choose a West German tank gun, rather than a British gun, for the XM-1 main battle tank is likely to play a role in the final decision, although the US embassy reports that few West German officials are raising this issue formally.

25X1 [] In an effort to gain French participation in the program, the West Germans recently announced that they intend to

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convene a meeting of the European Program Group to discuss a revised AWACS program. The West Germans may also use this meeting to organize European support for a common bargaining position on AWACS.

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ROMANIA: Embargoed Electronics

[redacted] Romania apparently is trying to obtain embargoed electronics equipment in its request for earthquake disaster relief. The Romanians have asked for a long list of items, including several embargoed electronics products, that they say are needed to replace capital goods damaged in the earthquake last month. They say they lack foreign exchange to pay for the items.

[redacted] Included in the request are the following embargoed items:

- A complete IBM 370/158 computer center, or an equivalent large-scale computer.*
- A Tektronix integrated circuit analyzer, type 7603, for testing integrated circuits.*
- A Tektronix oscilloscope with a digital voltmeter, model 7904, for checking electronic circuits in a computer for malfunctions.*

[redacted] US suppliers report that they have never sold Romania instruments such as the integrated circuit analyzer and the oscilloscope with a digital voltmeter. A recent Romanian request for authorization to buy a complete IBM 370/158 computer center was turned down by the US government.

[redacted] IBM has reported, moreover, that all its computer equipment installed in Romania was back in operation within four hours after the earthquake. Romania's request suggests that it hopes to use the earthquake damage as a cover to obtain sophisticated equipment probably not available from East European or Soviet sources.

CHINA-JAPAN: Long-Term Trade

25X1 [] A high-level Japanese business mission left Peking last week with an unexpected Chinese agreement in principle to negotiate a long-term nongovernmental trade accord. The Chinese treated the delegation especially well, perhaps partly to provide a sharp contrast to the USSR's unusually tough negotiating stance during current Japanese-Soviet fishing negotiations.

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25X1 [] Under the proposed trade agreement, China is to provide oil and coal in return for Japanese steel, construction materials, and various plants--including power-generating facilities--which would be used to expand Chinese oil and coal production capabilities. A number of important details, such as duration of the agreement, annual target levels of Chinese exports, and payment terms, remain to be negotiated between the Chinese Foreign Trade Ministry and Japanese businesses.

25X1 [] China's initiative in proposing the agreement is another indication of the general consensus within the leadership to use natural resources to earn foreign exchange. This policy came under sharp attack last year by the now-purged "gang of four." In an apparent effort to expedite exports of oil, coal, and other natural resources, Peking has reportedly established a new committee consisting of China's top economic officials, including Minister of Trade Li Chiang.

SIERRA LEONE: Parliamentary Elections

25X1 [] //The government of Sierra Leone has announced plans to hold a parliamentary election on May 6. Although President Siaka Stevens is not himself up for re-election--he began a new five-year term last May after being re-elected by the parliament--he is seeking to ensure his continued control of the government through his party, the All People's Congress, and has been campaigning actively.//

25X1 [] Under Stevens' leadership, the All People's Congress ousted the Sierra Leone People's Party in a close election in 1967. During the last parliamentary election, held in May 1973, the ruling party used strong-arm tactics to intimidate the opposition and won all seats in the house.

25X1 [] //In January and February of this year, students demonstrated against the government and called for Stevens' resignation. These demonstrations turned into riots, resulting in the deaths of at least eight students and temporary closings of primary and secondary schools in Freetown, the capital. In an attempt to restore order, Stevens promised to hold an election within three months.//

25X1 [] Stevens is aware that his party's past tactics have embittered what is left of the opposition. In an effort to mollify his opponents, he recently said he will not oppose participation in the election by the People's Party. He has also said that many of the ruling party incumbents in the parliament will not be re-elected.

25X1 [] By taking this tack, Stevens is trying to cultivate support from whoever is likely to be elected. Some of his supporters resent this because they think Stevens is willing to sacrifice their positions for his own benefit.

25X1 [] Although the President is adopting a conciliatory approach just now, it is possible that he will again resort to violence and intimidation to ensure his party's dominance. If so, he is likely to use these tactics on nomination day, which may be as early as tomorrow. In any case the opposition cannot hope to win control of the parliament.

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BOTSWANA: Defense Force

25X1 [] Botswana's President Khama this week publicly affirmed that his government has decided to establish a defense force. In making the announcement at an annual conference of the ruling Botswana Democratic Party, Khama noted regretfully that the move would require the government to shift resources from badly needed economic development to the purchase of arms and the training of an army.

25X1 [] In addressing the reasons for creating an army, Khama spoke of the increasing number of border violations by Rhodesia, calling them unprovoked acts of terror and aggression. He noted that Botswana had been victimized merely for upholding the right of self-determination, i.e., the black Rhodesian nationalists' fight to win majority rule.

25X1 [] Khama's government over the past month has been in the process of converting the 400-man police mobile unit, the only armed security force in the country, into clearly defined military and police units. Recruiting has been under way for some time, and automatic weapons and ammunition are being purchased from Western sources to supplement military equipment, including arms, already received from China.

25X1 [] This small military force will still be largely unable to cope with the security problems that are likely to continue along the long border with Rhodesia. Rhodesian security forces frequently violate the border trying to stop guerrillas on their way into Rhodesia and young refugees on their way out to guerrilla training camps in Zambia and Tanzania.

25X1 [] Botswana is under pressure from the other front-line states to close the border with Rhodesia, which would shut down the Rhodesian-run railroad through Botswana to South Africa. Khama believes these pressures are too great for him to continue his program of peaceful economic development. The diversion of scarce financial capital to military development will be a setback to Botswana's prospects for economic progress.

25X1 [] In his announcement this week, Khama strongly reiterated Botswana's commitment to the democratic process and his personal opposition to the one-party systems that are common in Africa.

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Next 1 Page(s) In Document Exempt

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